

SUPPLEMENTAL

COUNCIL AGENDA: 09-13-05
ITEM: 2.3

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Sara L. Hensley

**SUBJECT: CAPITOL PARK
NEIGHBORHOOD CENTER
PROJECT**

DATE: 09-13-05

Approved

Date

9/12/05

Council District: 5
SNI: East Valley/
680 Communities

REASON FOR SUPPLEMENTAL MEMO

To provide additional information after bids were opened.

RECOMMENDATION

Approval to reject all bids for the Capitol Park Neighborhood Center Project and authorize the Director of Public Works to re-advertise and re-bid the project with revision in the project scope. CEQA: Exempt, PP03-080267

BACKGROUND

Capitol Park is located on Peter Pan Avenue next to Goss Elementary School near the intersection of Bambi Lane, and is in a residential area. The park of approximately 11.6 acres is surrounded by Highway 680 to the north, Capitol Expressway to the east and Story Road to the south (map attached). Current park amenities include tennis courts, a basketball court, a play area, picnic benches, a softball field, a soccer field, a restroom building and turf areas.

The Capitol Park Master Plan, which included a 2,160 square-foot neighborhood center, was approved by Council on March 22, 2005. The proposed project will install the 2,160 square-foot portable building in Capitol Park for use as a neighborhood center. The facility will include a staff office, a meeting room, restrooms, a kitchenette and a large community room.

ANALYSIS

Bids were opened on July 28, 2004 with the following results:

<u>Contractor</u>	<u>Base Bid</u>	<u>Add Alt Total</u>	<u>Total Bid</u>	<u>Variance Amount</u>	<u>Over/ (Under) Percent</u>
Archway Construction (San José)	\$630,000	\$25,791	\$655,791	\$305,791	87.4
ESR Construction (San José)	608,400	32,900	641,300	291,300	83.2
Cal State Construction (Fremont)	576,580	32,600	609,180	259,180	74.1
Engineer's Estimate	336,000	14,000	350,000	---	---

<u>Contractor</u>	<u>Add Alt No. 1</u>	<u>Add Alt No. 2</u>	<u>Add Alt No. 3</u>	<u>Add Alt No. 4</u>
Archway Construction	\$5,482	\$8,587	\$4,600	\$7,122
ESR Construction	8,200	14,000	3,500	7,200
Cal State Construction	9,300	9,500	3,800	10,000
Engineer's Estimate	2,000	4,000	3,500	4,500

Staff recommends rejecting the bids because all of them were significantly higher than the Engineer's Estimate. Staff contacted all three bidders as well as the building manufacturers to gain a better understanding of the bids. Staff analyzed the data collected and determined that the discrepancy between the Engineer's Estimate and the bids could be attributed to several factors including a steep escalation in material and labor costs for this building type over the past few months, a high demand for this type of building and a low Engineer's Estimate.

Staff also recommends rejecting the bids because of a number of bid irregularities. The bid submitted by the apparent low bidder, Cal State Construction, is non-responsive because it did not include the signed acknowledgement of a significant bid addendum. Moreover, the third low bidder, Archway Construction, submitted a letter protesting the bid submitted by the second low bidder, ESR Construction, on three different grounds. Two of the grounds involved the assertion that ESR failed to list subcontractors for two areas of work. The third ground involved the assertion that ESR did not list a subcontractor qualified to do the work for which it was listed. ESR Construction submitted a response to that protest. In light of staff's recommendation to reject all bids, staff has not fully addressed the bid protest issue.

Subsequent to the bid opening, staff has had discussions with other City Departments and the Redevelopment Agency regarding similar projects that have bid recently. Based on these discussions staff has formulated a more aggressive outreach strategy for a re-bid including engaging the trailer vendors more closely and encouraging them to bid on the project as general contractors. Since the trailer building makes up the major portion of the project, this approach

could improve the profitability of the contract for the general contractor and may thus yield more competitive bids. Staff will also attempt to simplify some of the prescriptive specifications to allow for a broader choice of materials in the project. Staff believes that these strategies combined with the fact that peak demand season for this building type has passed will result in a higher number of competitive bids.

Given the low number of responsive bids, the high bid results, the various potential bid irregularities, and the proposed approach to re-bidding, staff recommends rejection of all bids and re-bid of the project in September 2005.

Even with a potentially higher number of competitive bid, it has become apparent that additional funding will be required for the project. The Office of the City Manager, the Redevelopment Agency and the Department of Parks, Recreation and Neighborhood Services have been working closely to identify additional sources of funding.

Staff anticipates returning to Council in October with a recommendation for contract award along with additional appropriation required. The current schedule for completion of the project is late May 2006. If the project is re-bid, the anticipated completion of project will be August 2006.

OUTCOME

Rejection of these bids and authorization to re-bid will enable the Department of Public Works to re-advertise for bids in September 2005 in order to obtain more favorable bids and move forward with the project award in late October 2005.

PUBLIC OUTREACH

To solicit contractors, this project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memorandum have been coordinated with the City Attorney's Office, City Manager's Budget Office and the Departments of General Services, Fire, Planning, Building and Code Enforcement and Information Technology.

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COST IMPLICATIONS

Not applicable

BUDGET REFERENCE

Not applicable

CEQA

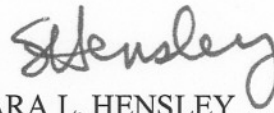
Exempt: PP03-08-267.

NEPA

Categorical Exclusion, HUD/State ID Number B01MC060021.

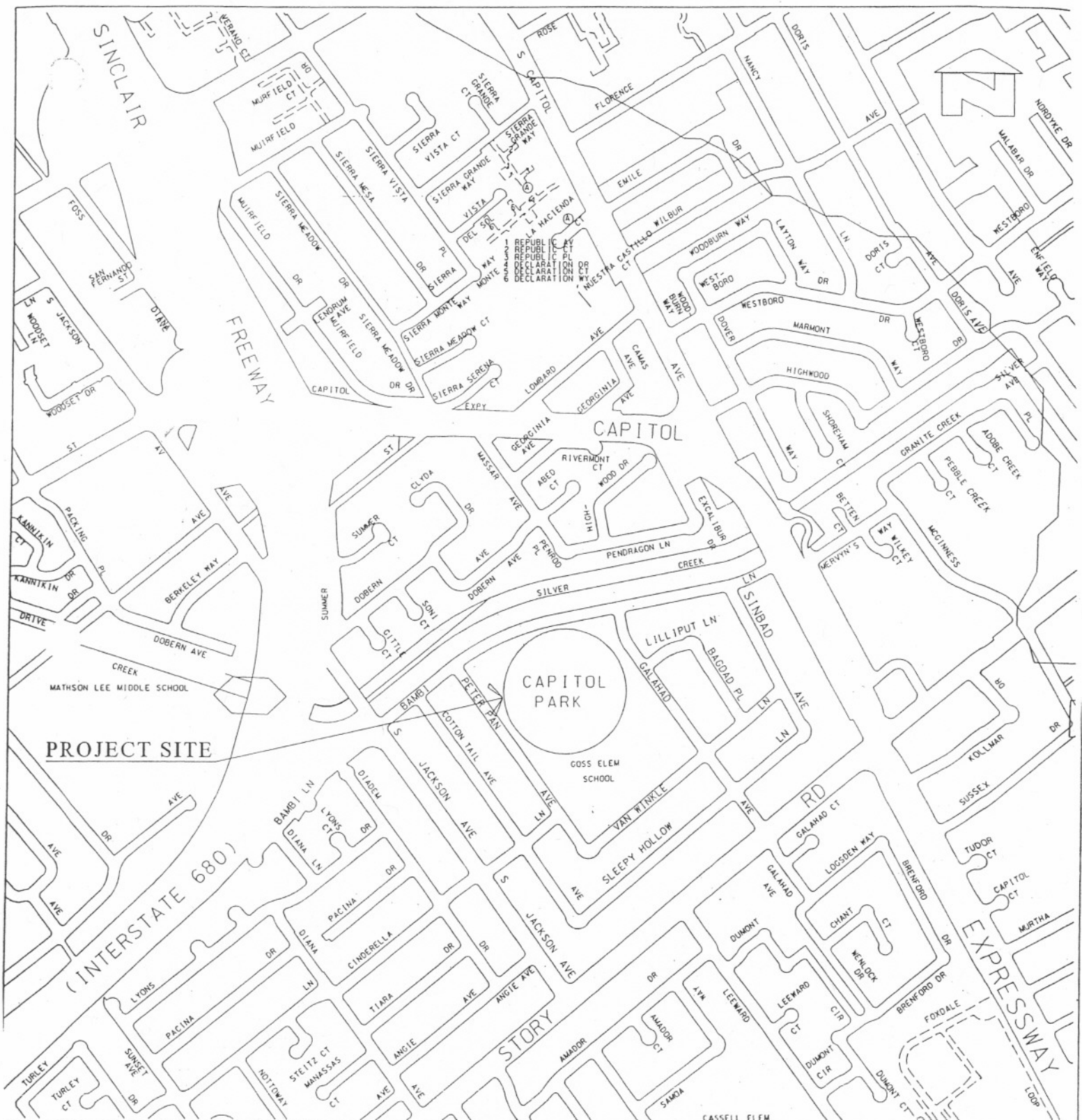


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Attachments
KJ:DT:ak



CAPITOL PARK NEIGHBORHOOD CENTER

LOCATION MAP

NOT TO SCALE